What the business customer wants in 2008

RMs leading the charge to satisfaction

Christmas is coming, the goose is getting fat and business customers continue to put plenty of pennies in banks' hats. But what many business customers are asking for in their letters to Santa this year – even more so than last Christmas – is a better and closer relationship with their banks.

This month East & Partners launched its inaugural Business Banking Customer Satisfaction Monitor, which each month interrogates business customers with a turnover of A$5 to 500 million per annum on their satisfaction with and usage of service channels including relationship managers, product specialists, branches, online banking and call centres.

The headline result – the "verdict" if you will – from the first of these Monitors is that bank performance to business customers continues to be ordinary. Using a scale where 0 is very dissatisfied and 10 is very satisfied, only smaller and regional banks rated better than a six. None of the Big Four achieved this.

Business wants a service revolution

Given all the investment, restructuring, and re-engineering of business banking divisions that have taken place in 2007, why are the purported service improvements not reaching business customers?

Part of the answer to this can be found in the question itself. All change creates a certain level of upheaval – particularly in large 'political' organisations such as banks – and it takes time for service improvements to start flowing through to the customer. ANZ, Commonwealth Bank, National Australia Bank and Westpac have all restructured their business divisions this year; have relatively new management teams in place; and new strategic aims and ambitions. But this seems to be a familiar story in banking. Restructures continually take place. It was all very well for Lenin to talk about "constant revolution" but he probably wasn't thinking about business banking customers when he coined that famous notion. Rather than joining in with the raising of any red flags, business customers want consistency, loyalty and commitment from their banks rather than a service proposition revolution every 12 months. Red flags of a different nature are raised instead when a business receives a call from its third "new" relationship manager in six months who they then have to re-educate about their business.

One of the key findings in the first Business Banking Customer Satisfaction Monitor is the strong correlation between the number of RMs deployed by banks and their customer satisfaction ratings. Banks that have a greater number of customers with a dedicated RM rate more strongly than banks that have less RMs per customer.

The Monitor measures a raft of RM factors such as Industry Knowledge, Keeps in Contact, Ability to Explain (products and services), Listens, and Product Knowledge, among many others. There is a great deal of variance between banks' respective strengths and weaknesses across the different measures.

Overall, the Monitor found that the RM channel is the most used and favoured by business customers yet less than half of all business customers have a dedicated RM. Results in the November Monitor confirm findings elsewhere in East's research that businesses want to interact with their banks through an RM. This has become increasingly the case even for sub-A$5 million turnover companies, almost half of whom say their preferred channel is the RM. Finding and retaining high quality RMs will provide another major challenge for banks in 2008 – particularly with new market entrants and their appetite for business banking talent.

Though the larger banks are reducing the ratio of RMs per customer as well as the revenue threshold of companies they relationship manage, there are roughly 225,000 Australian businesses with turnovers greater than A$1 million. Assuming a modest ratio of 100 customers per RM this would require some 2,250 RMs (as opposed to business developers, or account executives) to provide the level of relationship management that businesses are increasingly seeking. Online business banking and the branch, therefore, offer alternative and complementary channels into the business customer but both of these channels were rated poorly in East's Monitor. Online Business Banking, which has a healthy take-up by businesses of all sizes, received the lowest satisfaction ratings of all channels.

All of the above indicates that service expectations continue to be raised by business customers and that 2008 will be another highly competitive year. Banks must unleash their channels to their fullest capacity with RMs leading the charge to the customer rather than hatch further revolution from a bunker in Sydney or Melbourne.

% of businesses using channels	Nov 07
Relationship Manager/Business Banker	43.1
Branch	27.1
Online Business Banking	32.7
Automated Telephone Banking	24.7
ATM	19.5
Bank Call Centre	17.2
Product Specialist	20.1
Note: Sums to more than 100 percent due to multiple responses	
Average Number of Channels Used	**1.84**